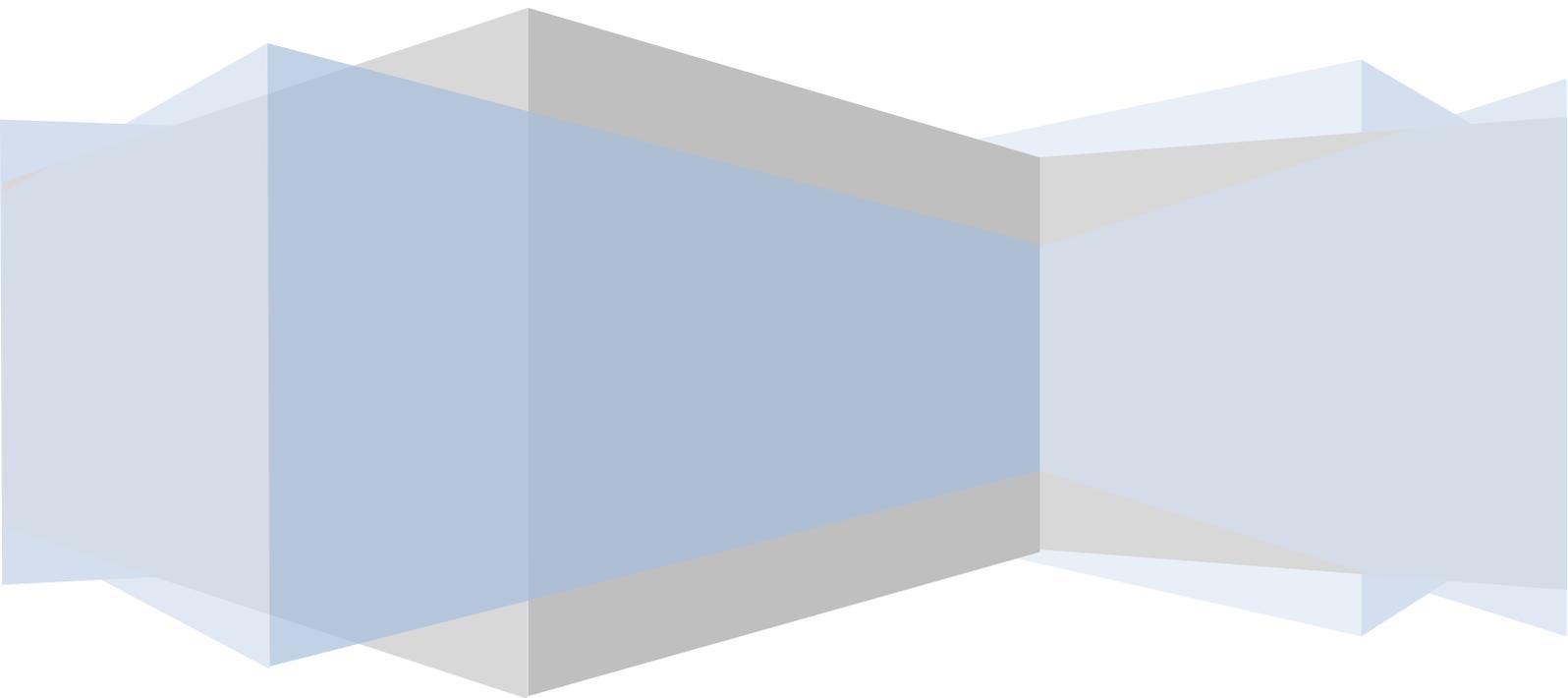


Chapter 9: Inclusive Growth

Short Answers

CSM 05: Economic and Social Development-
Sustainable Development, Poverty, Inclusion

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This chapter contains:

- **Human Capital and Development**
- **Sustainable Development**
- **Sustainable Development Goals**
- **Inclusive Growth**
- **Multidimensional Poverty Index**
- **National Food Security Index**

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1 Human Capital and Development

In economics, the terms "**human capital**" and "**human development**" are used to describe human resources. This is a crucial economic concept that deals with how human resources are viewed in these terms. Human capital refers to the skills, training, experience, education, knowledge, know-how, and competencies that humans bring to a company, whereas human development in an economy is determined by a composite statistic that includes life expectancy, education, and per capita income. This article will explain to you the concepts related to **Human Capital and Human Development** which will be helpful in Indian Economy preparation for the UPSC exam.

1.1 Human Capital

- Human capital is a **measurement of labour capabilities** that encompass skills, working capacity, education, health, and intelligence.
- The concept of human capital emphasises the fact that not all resources are equal, but that this gap may be bridged with sufficient training and investment.
- **Employee skills, experience, and education** are immensely valuable to a business, as they generate economic value for the company and the economy as a whole.
- Human capital is valued in the corporate world because it aids in enhancing productivity, which is linked to profitability.
- As a result, according to the human capital notion, a company might become more profitable by investing more in its personnel.

1.2 Role of Government

There is little political will and investment in this sector because it is difficult to establish a clear cause and effect relationship between human capital growth (education, health, etc.) and economic growth. However, human capital investments cannot be completely outsourced to private players. Government intervention is required in this area because:

- Since **education** and **health** provide both private and social benefits, these fields require both private and public institutions.
- Education and health spending have a long-term impact that cannot be easily reversed, necessitating government intervention.
- Individual consumers of these services lack comprehensive information about the quality and cost of these services. If adequate government regulation is not present, this may result in monopoly power and exploitation by private players.
- Government intervention is required in this area to **improve accessibility** and **provide low-cost services** to the poor.
- Furthermore, the **World Economic Forum** believes that strengthening the policy and institutional ecosystems that support inclusive growth and human capital

development should be a top policy priority for countries, regardless of whether they are experiencing slow growth, elevated inequality, or both.

- This is critical for countries that want to thrive in the **Fourth Industrial Revolution**.
- As a result of the intrinsic and instrumental value of human capital, the government should actively participate in this arena.
- The government is focusing on milking the demographic dividend with a slew of measures and policies such as the **New Education Policy, the New Health Policy, and legislation such as the National Medical Commission**, among others.
- Concurrently, according to the Economic Survey, the government's spending on the social sector has increased.

1.3 Human Development

- The process of **expanding human capabilities** in terms of abilities and rights is referred to as human development.
- The goal of human development is to create an environment that allows **people to live healthy, creative, and long lives**.

1.4 Human Development - Agenda of the Government

- Human development is a priority in government policies.
- Over the last few years, the government has accelerated efforts in this direction through the inclusiveness mantra '**Sabka Sath, Sabka Vikas**,' which has been further elaborated by ensuring '**Sabka Vishwas**.'
- Because India is a developing economy with limited resources, we must prioritise and optimise social infrastructure spending to promote sustainable and inclusive growth.
- At this juncture, it is critical to prioritise public investments in human capital while also strengthening the delivery mechanisms of government interventions to ensure transparency and accountability.
- With India's demographic advantage, improving educational standards, skilling the youth, expanding job opportunities, reducing disease burden, and empowering women will all contribute to realising the potential of a thriving economy in the future.'

1.5 Human Development Report

- **UNDP** publishes the Human Development Report (HDR) i.e., the **Human Development Index (HDI)**.
- The HDI considers **three indicators**: a long healthy life, access to knowledge, and access to a decent standard of living.

1.6 Difference between Human Capital and Human Development

Basis of Difference	Human Capital	Human Development
Concept	It is a comparatively narrow concept	It is a comparatively broader concept
Central theme	It considers that health and education are the most effective ways to increase labor productivity.	It believes that health and education contribute to an individual's total growth, as a healthy person with good knowledge may make decisions that will help them live a happy and healthy life.
Welfare	When it comes to human capital, health and education are ineffective unless they lead to increased production.	It considers that human welfare is increased by having good health and proper education even if they do not result in any improvements in productivity

1.7 Conclusion

Human capital and human development are closely linked but not identical ideas. Human capital refers to the stock of a nation's human talents and expertise at a certain point in time, whereas human development refers to a national human capital's holistic development and well-being.

2 Sustainable Development

Sustainable development is defined as development that meets current needs without compromising future generations' ability to meet their own. When it comes to production, using recycled materials or renewable resources is an example of sustainable development. The UPSC Indian Economic Syllabus includes Sustainable development which is described in this article.

2.1 What is Sustainable Development?

- Development that meets current demands without compromising future generations' ability to meet their own needs.
- In its report *Our Common Future*, the **Brundtland Commission** provided the most widely accepted definition of sustainable development (1987).
- Sustainable development (SD) entails a concerted effort to create a future for people and the planet that is inclusive, sustainable, and resilient.

2.2 Core Elements

- **Economic growth, social inclusion, and environmental conservation** are three key components of long-term development. Harmonizing them is crucial.
- Sustainable development requires long-term economic growth, a stable livelihood, living in harmony with nature, and the use of appropriate technology.

Environmental Sustainability

- It guarantees that nature is not treated as an unending supply of resources and that it is protected and used responsibly.
- Environmental conservation, renewable energy investment, water conservation, sustainable transportation support, and sustainable construction and design innovation all contribute to achieving environmental sustainability on multiple levels.

Social Sustainability

It has the potential to promote gender equality, the development of people, communities, and cultures, as well as a fair and equitable distribution of quality of life, healthcare, and education around the world.

Economic Sustainability

- Focuses on achieving equitable economic growth that provides wealth for all while minimising environmental damage.
- Economic resources should be invested in and distributed equally.
- Poverty in all of its forms and dimensions must be eradicated.

2.3 Global issues

- National economies are growing inequitably (North-South Divide).
- **Biodiversity Loss:** Despite concerted efforts over the last two decades, the world's biodiversity continues to be lost.
- **Climate Change:** Because climate change is a global issue, it necessitates a worldwide response. Particular attention must be made to the special issues that developing countries face when it comes to climate change.
- Combating climate change and promoting sustainable development are two concerns that are mutually reinforcing.
- **Intellectual Property Rights (IPRs):** All people, rich and poor, should be able to afford to access the products of innovation that can lead to long-term growth.

2.4 Global Initiatives

- **The Stockholm Conference, 1972:** It was the first step towards putting environmental issues on the international agenda.
 - It resulted in the **Stockholm Declaration**, which included principles and an Action Plan with environmental policy suggestions.
- **UNEP** was established in **1972** to act as a catalyst for the development and coordination of an environmental focus in other organisations' programmes.
- The **Brundtland Commission's Report** was a direct result of the **Earth Summit in 1992**. Rio de Janeiro hosted the event. The following documents were produced as a result of the Conference:
 - The Framework Convention on Climate Change (UNFCCC)
 - The Convention on Biological Diversity
 - The Statement on Forest Principles
 - The Rio Declaration
 - Agenda 21
- Kyoto Protocol, 1997
- **Rio +10, 2002:** The World Summit on Sustainable Development (WSSD) in Johannesburg was a 10-year evaluation of the Rio outcomes (Rio +10).
- Ramsar Convention, 1971
- **The 1972 World Heritage Convention:** It is responsible for identifying and preserving the world's cultural and natural treasures. It compiles a list of "**heritage sites**," which are cultural, natural, or combined regions of "great universal importance" that must be maintained for the sake of all people.
- Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES), 1973
- Convention on the Conservation of Migratory Species of Wild Animals (CMS), 1979
- Vienna Convention for the Protection of the Ozone Layer, 1985
- Montreal Protocol on Substances that Deplete the Ozone Layer, 1987
- Basel Convention, 1989
- Convention on Biological Diversity, 1992
- United Nations Convention to Combat Desertification, 1994

- Rotterdam Convention, 1998
- Stockholm Convention on Persistent Organic Pollutants, 2001
- Global Tiger Forum, 1993
- International Whaling Commission, 1946
- Minamata Convention, 2013
- Climate change mitigation strategies: Carbon sequestration, Carbon sink, Carbon Credit, Carbon trading, Carbon offsetting, Carbon Tax, Geo-engineering.
- United Nations Environment Programme (UNEP)
- UN Commission on Sustainable Development (CSD)
- United Nations Convention on the Law of the Sea (UNCLOS)
- Climate Finance Architecture: Green Climate Fund (GCF), Adaptation Fund (AF) and Global Environment Facility (GEF)
- Reducing Emissions from Deforestation and Forest Degradation (REDD) and REDD+
- Paris Agreement 2015
- The Clean Development Mechanism is a way to reduce greenhouse gases (GHGs) emissions through efficient and sound technologies.
- Global Alliance for Climate-Smart Agriculture (GACSA)
- Partnership for Action on Green Economy (PAGE)

2.5 Goals

- The **United Nations (UN)** launched the **2030 Agenda** for Sustainable Development and the **Sustainable Development Goals (SDGs)** to mainstream sustainable development.
- Over the next 15 years, this comprehensive, integrated, and revolutionary agenda intends to encourage measures that will end poverty and establish a more sustainable world.
- By 2030, 17 goals and 169 specific milestones must be accomplished. To achieve the goals, governments, corporations, civic society, and individuals from all walks of life must all work together.
- The Sustainable Development Goals (SDGs) are **not legally binding**.

2.6 Conclusion

- To make the process of sustainable development feasible and operational, it is critical to establish a common focus that can integrate the perspectives and efforts of various development participants around the world, while taking into account the diversity of geography, society, economics, science, and technology capabilities and capacities, and educational standards and levels.
- Developed countries must alter their production and consumption patterns, restricting the use of fossil fuels and plastics, and encouraging public and private investments that support the SDGs.

3 Sustainable Development Goals

All members of the United Nations accepted the **Sustainable Development Goals** agenda in **2012** at the **Rio De Janeiro Council Meeting**, with the goal of promoting a healthy and developed future for the planet and its people. After a successful fifteen-year development plan known as the **Millennium Development Goals**, the Sustainable Development Goals were implemented in 2015. The UPSC Indian Economic Syllabus includes Sustainable development goals which are described in this article.

3.1 Background

In September 2000, the United Nations mandated that all of its members adhere to a Millennium Development Goal, which consisted of a set of eight time-bound goals that were to be met within a fifteen-year period. The eight targets of the Millennium Development Goals were as follows:

1. To make extreme poverty and hunger a thing of the past.
2. to make primary education universal
3. to advance gender equality and women's empowerment
4. To lower the infant mortality rate
5. To improve the health of mothers
6. HIV/AIDS, malaria, and other diseases are being combated.
7. To ensure long-term environmental viability
8. Creating a global development partnership

In 2015, the UN received a final report confirming the beneficial impact of the Millennium Development Goal on the eight parameters as well as the maternal mortality rate. Once the MDG's 15-year target was met, the responsibility for development was transferred to the Sustainable Development Goal's 17 targets.

3.2 What are the 17 Sustainable Development Goals?

- The Sustainable Development Goals are a series of seventeen pointer targets that all UN members have pledged to work on in order to improve the country's future.
- **"Future We Want,"** a documentary played at the Rio+20 meeting, proposed a post-2015 development agenda.
- The Sustainable Development Goals (SDGs) are an intergovernmental agreement that **replaces the Millennium Development Goals** as the post-2015 development agenda.
- The Open Working Group on Sustainable Development Objectives of the United Nations General Assembly set **17 goals** with 169 targets and 304 indicators to be accomplished by 2030.
- The United Nations Sustainable Development Summit established a post-negotiation agenda named **"Transforming Our World: the 2030 Agenda for Sustainable Development."**

- The Rio+20 summits (2012) in Rio de Janeiro produced the SDGs, which are non-binding document.

The 17 goals that make up the Sustainable Development Goals are as follows:

1. End poverty in all its forms everywhere.
2. End hunger, achieve food security and improve nutrition and promote sustainable agriculture.
3. Ensure healthy lives and promote well-being for all at all stages.
4. Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all.
5. Achieve gender equality and empower all women and girls.
6. Ensure availability and sustainable management of water and sanitation for all.
7. Ensure access to affordable, reliable, sustainable, and modern energy for all.
8. Promote sustained, inclusive, and sustainable economic growth, full and productive employment, and decent work for all.
9. Built resilient infrastructure, promote inclusive and sustainable industrialization, and foster innovation.
10. Reduce inequalities within and among countries.
11. Make cities and human settlements inclusive, safe, resilient, and sustainable.
12. Ensure sustainable consumption and production pattern.
13. Take urgent actions to combat climate change and its impact.
14. Conserve and sustainably use the oceans, seas, and marine resources.
15. Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss.
16. Promote peaceful and inclusive societies for sustainable development, provide access to justice for all, and build effective, accountable, and inclusive institutions at all levels.
17. Strengthen the means of implementation and revitalise the global partnership for sustainable development.

3.3 Sustainable Development Goals in India

According to the latest **SDG India Index** from **NITI Aayog**, India has made steady progress toward achieving the United Nations' Sustainable Development Goals (SDGs) in the areas of **health, energy, and infrastructure**.

India's track record in terms of achieving the Sustainable Development Goals:

- The **Mahatma Gandhi National Rural Employment Guarantee Act (MNREGA)** is being implemented to offer jobs and enhance the living standards of unskilled laborers.
- The **National Food Security Act** is in place to ensure that subsidized food grains are available.
- The government of India aims to make India open defecation free under its flagship program **Swachh Bharat Abhiyan**.

- **Renewable energy generation targets** have been set at 175 GW by 2022 in order to maximize the use of solar energy, wind energy, and other renewable energy sources while reducing reliance on fossil fuels.
- To improve infrastructure, the **Atal Mission for Rejuvenation and Urban Transformation (AMRUT)** and **Heritage City Development and Augmentation Yojana (HRIDAY)** projects have been implemented.
- By ratifying the **Paris Agreement**, India has demonstrated its commitment to combating climate change.

3.4 Sustainable Development Goals Report 2020

The Sustainable Development Goals Report 2020 was released on July 7, 2020. According to the research, the COVID-19 epidemic triggered an unprecedented catastrophe, severely disrupting SDG development. The following are the important points from the SDG report:

- In areas such as maternal and child health, boosting access to electricity, and increasing women's representation in government, progress has been made.
- In 2020, an estimated 71 million people would be forced back into extreme poverty, the first increase in global poverty since 1998. Loss of a job is reported to be the main cause, and persons who were previously secure may now be at risk of poverty.
- Approximately **1.6 million vulnerable employees** have been left unemployed or underemployed around the world, with wages estimated to have decreased by 60% during the crisis.
- During the pandemic, **women and children**, as well as persons living in slums, were the **hardest hit**.
- School closures have kept **90% of pupils** (1.57 billion) out of class, causing almost 370 million children to miss out on essential school meals.
- Poverty, unemployment, and life-threatening situations have increased the likelihood of child labor and human trafficking.

Apart from the aforementioned points, the paper claims that climate change is still happening at a considerably faster rate than predicted. **The year 2019 was the second warmest on record**, and it marked the end of the warmest decade in human history, which lasted from 2010 to 2019.

3.5 Impact of SDG & MDG

- The Millennium Development Goals served as a springboard for UN members to strive for a more developed and prosperous future for their countries and people.
- The Millennium Development Goals (MDGs) were approved in 2000, and the final report presented in 2015 clearly states that the rate of infant mortality has decreased, that poverty has decreased, that safe drinking water and sanitation have been provided, and that people's mental health has improved dramatically.
- The Sustainable Development Goals are meant to make the world a better place to live by 2030, following in its footsteps.

- The plan was approved in 2015, and reports produced by the UNDP show that numerous activities have been made for the welfare of the nation and that people's livelihoods have improved around the world.
- The Sustainable Development Goals have helped to lower maternal mortality rates, reduce poverty, enhance people's health, and raise awareness of infectious and non-communicable diseases, as well as the immunizations that are essential for children.
- Mental illness is being treated as a big concern, and efforts are being made to provide better medication to the world.
- Overall, the Sustainable Development Goals aim to make the world a better place to live by achieving their targets within the 15-year time frame set by the United Nations and eradicating poverty, improving health, providing employment, empowering women, reducing inequalities, and adhering to all of the UN's seventeen targets.

3.6 Conclusion

- The concept of sustainable development states that human civilizations must survive and meet their needs without jeopardizing future generations' ability to meet their own needs.
- The Brundt land Report, published in 1987, was the first to provide an "official" concept of sustainable development.
- Sustainable development is defined as the creation of a new community in a previously undeveloped area without destroying the ecosystem or harming the environment.
- The goal of sustainable development is to meet today's requirements while without jeopardizing tomorrow. This means we can't keep utilizing present amounts of resources since future generations won't have enough.

4 Inclusive Growth

The **United Nations Development Program (UNDP)** defines **inclusive growth** as "the process and result of all groups of people participating in the organisation of growth and benefiting equally from it." This indicates that inclusive growth should include all segments as both beneficiaries and collaborators in growth and that the excluded should be included in the process. This article will explain to you the concepts related to Inclusive Growth which will be helpful in Indian Economy preparation for the UPSC exam.

4.1 What is Inclusive Growth?

- Inclusive growth is defined as **economic growth** that generates **job opportunities** and aids in **poverty reduction**.
- It entails poor people having access to basic health and education services.
- It entails ensuring equitable opportunity for everybody, as well as empowering people via education and skill development.
- It also includes a method of growth that is environmentally sustainable, aspires for good governance, and aids in the creation of a gender-conscious society.
- According to the **OECD (Organisation for Economic Co-operation and Development)**, inclusive growth is defined as economic growth that is evenly dispersed across society and generates opportunity for everyone.

4.2 Elements

Skill Development

- The working-age population's employability, as well as their health, education, vocational training, and skills, will all play a role in capturing the demographic dividend. Here, skill development is crucial.
- In terms of skill development, India is up against two obstacles:
 - There is a scarcity of highly skilled workers.
 - There is a lack of employment opportunities for conventionally educated teenagers.
- According to the Economic Survey 2017, nearly 30% of India's youngsters are unemployed (Not in education, employment or training).
- Similarly, according to UNICEF 2019, at least 47 percent of Indian adolescents will not have the education and skills required for employment in 2030.

Financial Inclusion

- Financial inclusion is the process of ensuring that marginalised populations have inexpensive access to financial services.
- Financial inclusion is essential for inclusive growth because it promotes a saving culture, which kicks off a virtuous cycle of economic progress.

Technological Advancement

- The world is rapidly approaching the **fourth industrial revolution**. Depending on how these technology breakthroughs are implemented, they have the potential to reduce or worsen inequality.
- The government has made several initiatives, like as the **Digital India Mission**, to ensure that a technologically literate people can take use of technology's limitless possibilities.
- Technology can also assist in the fight against other issues, such as:
 - **Agriculture** - Modern technology can help to improve the efficiency and competitiveness of an agro-value chain from farmer to consumer.
 - **Manufacturing** - Technology can handle issues like financing, obtaining raw materials, acquiring land, and establishing connections with the user market. GST was only possible thanks to cutting-edge technology.
 - **Education** - New types of adaptive and peer learning can be created using innovative digital technologies, which provide access to trainers and mentors while also delivering relevant data in real-time.
 - **Health**-related technologies have the potential to change the way public health services are delivered.
 - **Governance** - Technology has the potential to reduce delays, corruption, and inefficiency in the delivery of public services.

Economic Growth

- India is one of the world's fastest-growing major economies. However, the Indian economy is currently slowing due to both cyclical and structural issues.
- However, India's goal of having a \$5 trillion economy by 2024-25 can help the country reduce inequality, expand social spending, and provide jobs for everyone.

Social Development

- It includes the empowerment of all marginalised groups, such as SC/ST/OBC/Minorities, women, and transgender people.
- Empowerment can be achieved by upgrading social institutions such as hospitals, particularly basic care in rural regions, schools, and universities.
- Investment in social structures will not only stimulate GDP (via fiscal stimulus) but will also produce a healthy and capable workforce for the future.

4.3 Challenges in Achieving Inclusive Growth

Poverty

- According to the 2018 **Multidimensional Poverty Index (MPI)**, India moved 271 million people out of poverty between 2005-06 and 2015-16, with the poorest regions, groups, and children experiencing the greatest reduction in poverty. At the subnational level, India exhibits the clearest pro-poor tendency.

- Despite the enormous achievements, 373 million Indians continue to suffer from severe poverty.
- Furthermore, 8.8% of the population is living in severe multidimensional poverty, while 19.3 percent is vulnerable to multidimensional poverty.

Unemployment

- According to the **NSSO's Periodic Labour Force Survey (PLFS)**, the unemployment rate for the urban workforce was 7.8%, while the rural workforce had a rate of 5.3 percent, bringing the total unemployment rate to 6.1 percent.
- Because of illiteracy and over-dependence on agriculture, India's employment quality and quantity are low.
- The lack of quality employment is a concern because more than 80% of individuals work in the informal sector and are not covered by social security.

Agriculture Backwardness

- Agriculture employs almost 44 percent of Indians, although it only accounts for 16.5 percent of the country's GDP, resulting in widespread poverty.
- The following are some of the issues in agriculture:
 - Land availability per capita is dwindling.
 - A gradual decrease in the employment share.
 - Labor productivity is low.
 - Agriculture yields are declining as a result of climate change, soil degradation, and water scarcity.
 - Growth differences between regions and crops

Issues with Social Development

- One of the most important concerns for inclusive growth is social development. It has some issues, such as:
 - Regional, societal, and gender differences are all significant.
 - Public spending, notably in health and education, is at a low level and growing slowly.
 - The delivery system's poor quality.
 - OBC, SC, ST, and Muslims have considerably lower social indicators.
 - Children's malnutrition - India is ranked 102nd in the Global Hunger Index.

Regional Disparities

- India's regional differences are a key source of concern.
- Factors such as the caste system, the wealth gap, and others contribute to regional inequities, resulting in a society in which certain groups enjoy greater privileges than others.
- The following are some of the regional disparity issues:
 - Kerala is the most literate state in the country, with a literacy rate of 93.1 percent; nevertheless, Bihar's literacy rate is only 63.82 percent.

- In terms of per capita income, Goa has a per capita income of Rs 4,67,998, whereas Bihar has a per capita income of merely Rs 43,822.

4.4 Measuring Inclusive Growth

Inclusive Development Index (IDI)

- India was placed **62nd** out of 74 emerging countries in the **World Economic Forum's Inclusive Development Index (IDI)**, and was among the least inclusive countries in the Group of 20 (G-20).
- The IDI is based on the assumption that most people measure their country's growth by their personal level of living rather than GDP.
- It gives a measure of inequality based on three parameters: :
 - Growth and development
 - Inclusion
 - Inter-generational equity and sustainability.
- India was also not among the top ten most inclusive emerging and developing economies, a list that included Nepal, China, and Sri Lanka.
- India ranked 44th in terms of "intergenerational equity and sustainability," which can be ascribed to the country's demographic dividend.

Social Progress Index (SPI)

It is a composite index that includes the following social and environmental indicators:

1. Basic human need
2. Foundation of well being
3. Opportunity

Global Slavery Index

- The **Walk Free Foundation of Australia** has released it.
- Slavery in the modern sense refers to a scenario in which one person has taken away another's freedom in order to control their body and exploit them.
- Factors that contribute to modern slavery include:
 - Absence of rights
 - Lack of physical safety
 - Access to necessities such as health care, education, food, etc
 - Pattern of migration

4.5 Measures Taken in India to Achieve Inclusive Growth

The government is implementing a number of measures to promote equitable growth, including the following:

- Mahatma Gandhi National Rural Employment Guarantee Act Scheme (MGNREGA)
- Prime Minister's Employment Generation Programme (PMEGP)

- Mudra Bank scheme
- Pt. Deen Dayal Upadhyaya Grameen Kaushalya Yojana (DDU-GKY)
- Deendayal Antyodaya Yojana- National Urban Livelihoods Mission (DAY-NULM)
- Sarva Siksha Abhiyan (SSA)
- National Rural Health Mission (NRHM)
- Bharat Nirman
- Swachh Bharat Mission
- Mission Ayushman
- Pradhan Mantri Jan Dhan Yojana

4.6 Conclusion

- To enhance the lives of India's people, the Indian government, along with state and local governments, should continue to focus on eradicating poverty and attaining sustainable development.
- Inclusive and equitable growth can be targeted through innovative partnerships with international organisations, civic society, and private firms.
- Inclusive growth will aid in the empowerment of disadvantaged and marginalised communities, as well as the improvement of livelihoods and skill development for women.

5. Multidimensional Poverty Index

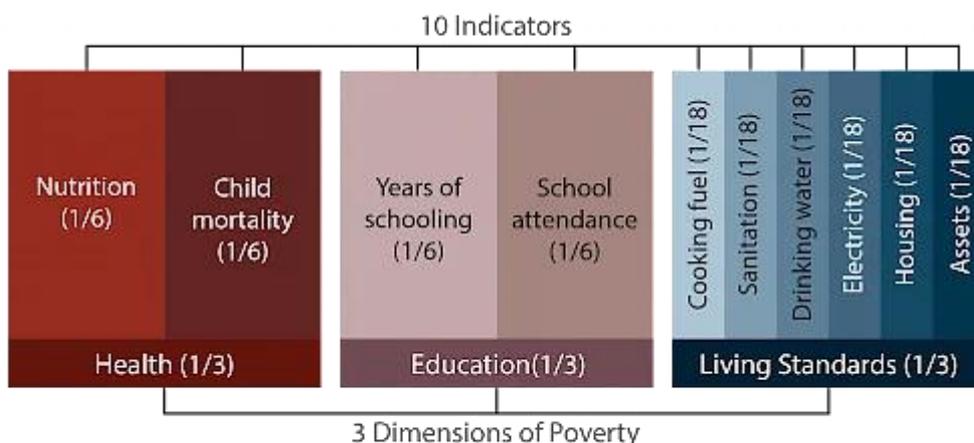
The Oxford Poverty and Human Development Initiative publish the Global **Multidimensional Poverty Index (MPI)**. The goal of this index is to use a variety of variables to **evaluate acute multidimensional poverty in emerging countries**. It was created in **2010 by OPHI in collaboration with the United Nations Development Programme (UNDP)**. It is published annually as part of the UNDP's Human Development Report (HDR). In **September 2021**, MPI 2021 was issued. India was placed **62 out of 107 nations in the Global MPI 2020**. In this article, we will study about Multidimensional Poverty Index, which is important for **UPSC Examination**.

5.1 What is Multidimensional Poverty Index?

- The global Multidimensional Poverty Index (global MPI) is a **poverty indicator** that takes into account the numerous disadvantages that impoverished people endure in terms of **education, health, and living conditions**.
- The Global MPI measures **both the occurrence** (the percentage of people in a population that are multidimensionally poor) **and degree of multidimensional poverty** (the average number of deprivations that each poor person experiences).
- It **enables for comparisons between countries, regions, and the world**, as well as within countries by ethnic group, urban/rural location, and other features of households and communities.

5.2 Dimensions and Indicators of Global MPI

The performance of countries is measured using three dimensions and ten indicators. The following are listed below:



© Oxford Poverty and Human Development Initiative (OPHI)

Table 5.1: Multidimensional Poverty Index and SDGs

The measurement of acute multidimensional poverty also keeps track of countries' progress toward the Sustainable Development Goals (SDGs) targets:

Dimensions Of Poverty	Indicator	Deprived If Living In A Household Where...	Weight	SDG Area
Health (1/3)	Nutrition	Any person under 70 years of age for whom there is nutritional information is undernourished.	1/6	SDG 2: Zero Hunger
Child mortality	A child under 18 has died in the household in the five-year period preceding the survey.	1/6	SDG 3: Health and Well-being	
Education (1/3)	Years of schooling	No eligible household member has completed six years of schooling.	1/6	SDG 4: Quality Education
School attendance	Any school-aged child is not attending school up to the age at which he/she would complete class 8.	1/6	SDG 4: Quality Education	
Living Standards (1/3)	Cooking fuel	A household cooks using solid fuel, such as dung, agricultural crop, shrubs, wood, charcoal, or coal.	1/18	SDG 7: Affordable and Clean Energy
Sanitation	The household has unimproved or no sanitation facility or it is improved but shared with other households.	1/18	SDG 6: Clean Water and Sanitation	
Drinking water	The household's source of drinking water is not safe or safe drinking water is a 30-minute or longer walk from home, roundtrip.	1/18	SDG 6: Clean Water and Sanitation	
Electricity	The household has no electricity.	1/18	SDG 7: Affordable and Clean Energy	
Housing	The household has inadequate housing materials in any of the	1/18	SDG 11: Sustainable Cities and	

	three components: floor, roof, or walls.		Communities
Assets	The household does not own more than one of these assets: radio, TV, telephone, computer, animal cart, bicycle, motorbike, or refrigerator, and does not own a car or truck.	1/18	SDG 1: No Poverty

5.3 How Deprivation is measured using MPI's indicators?

According to OCHI, the following factors contribute to the deprivation of living in a household:

1. A person between the ages of 0 and 70 who is malnourished.
2. In the five years leading up to the MPI survey, a child aged 0 to 18 died.
3. No eligible household has finished the six years of schooling.
4. The school-aged youngster does not attend school until the age of eight, when he or she should be in class eight.
5. Solid fuel, such as cow dung, is used as a cooking fuel in the home.
6. The presence of an inadequate or non-existent sanitation facility. Improved sanitary facilities shared with other houses result in living deprivation as well.
7. The lack of access to safe drinking water. Also, if the safe drinking water is only accessible after a 30-minute round-trip walk from home.
8. Households are without electricity.
9. Housing materials are insufficient in any of the three components: floor, roof, or walls.
10. When a family does not own a car or a truck but only has one of the following:
 - Radio
 - TV
 - Telephone
 - Computer
 - Animal cart
 - Bicycle
 - Motorbike
 - Refrigerator

The following points about Global MPI should be noted:

- It analyses poverty on a person-by-person basis.
- When a person is deficient in one-third of the 10 indications, he or she is labelled as "MPI Poor."

- The percentage of deprivations experienced by an individual is used to determine the depth of their poverty.

5.4 Global Multidimensional Poverty Index 2021 – Key Findings

According to the Global MPI 2021,

- **1.3 billion People live in acute multidimensional poverty** in 109 countries.
- **644 million** of the 1.3 billion people are **children** (under the age of 18), while 105 million are adults (above the age of 60).
- In Saharan Africa or South Asia, over 85% of multidimensional poor people dwell.
- **Rural areas are home to 84 percent of the impoverished.**
- Middle-income countries are home to 67 percent or more of the world's multidimensional poor population.
- A total of 481 million people live with an out-of-school child.
- 550 million people do not have a car and lack at least seven of the eight assets (radio, television, telephone, computer, animal cart, bicycle, motorcycle, or refrigerator).
- Within a 30-minute roundtrip walk, 568 million people do not have access to improved drinking water.
- 635 million people live in families where no one has finished at least six years of education.
- 678 million people do not have access to electricity.
- 788 million people live in a family where at least one person is malnourished.
- Solid cooking fuels, poor sanitation, and unsuitable housing affect each of the billions.

5.5 Global MPI – India and Its Neighbours

The National Family Health Survey in India is used by the MPI to collect data (NFHS). India placed 62nd in MPI 2020 with a score of 0.123. India has a headcount ratio of 27.91 per cent in the Global MPI 2020.

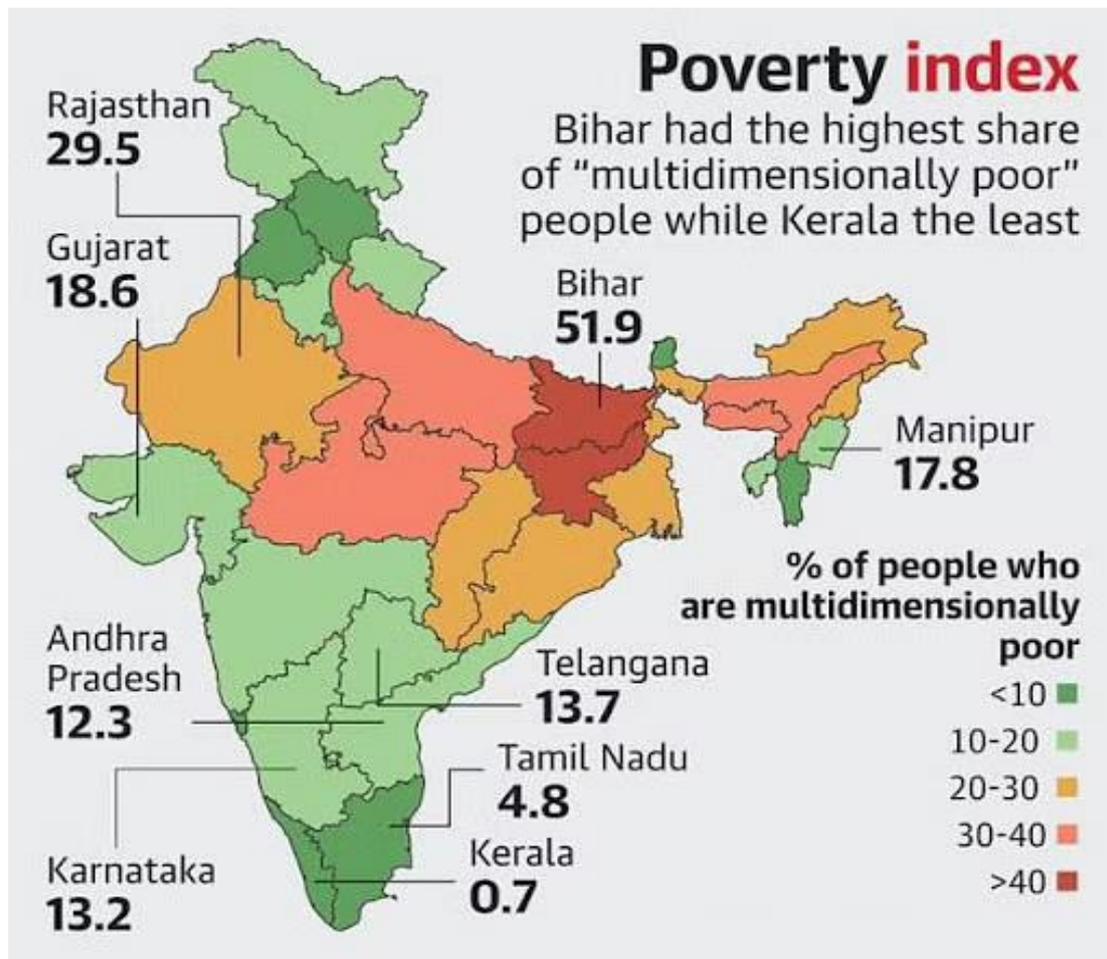
India's Neighbors were ranked by the MPI in 2020 as follows:

- Sri Lanka – 25
- Nepal – 65
- Bangladesh – 58
- China – 30
- Myanmar – 69
- Pakistan – 73

The Multidimensional Poverty Index Coordination Committee (MPICC) in India is the MPI's key agency.

5.6 National Multidimensional Poverty Index: NITI Aayog

On **November 20, 2021**, the government think tank **Niti Aayog** announced the **first-ever Multi-dimensional Poverty Index (MPI)**, which measures poverty at the national, state/UT, and district levels. According to the first index, **Bihar is the state with the highest level of multidimensional poverty**



5.7 Overview of National Multidimensional Poverty Index

- The MPI aims to quantify poverty in all of its forms, complementing existing poverty statistics based on per capita consumption spending.
- **India is ranked 66th out of 109 countries in the Global MPI 2021.** The National MPI aims to **deconstruct the Global MPI and create a globally aligned but customised India MPI for developing comprehensive Reform Action Plans**, with the overall goal of improving India's place in the Global MPI rankings.
- **Health, education, and standard of living** are the three equally weighted dimensions.

- Nutrition, school attendance, years of schooling, drinking water, sanitation, housing, and bank accounts are only a few of the metrics that illustrate these three dimensions.

5.8 Methodology & Data

- The national MPI is based on the internationally recognised and reliable methodology created by the Oxford Poverty and Human Development Initiative (OPHI) and the United Nations Development Programme (UNDP).
- This baseline report for the national MPI measure is based on the National Family Health Survey's reference period of 2015-16. (NFHS-4).
 - The NFHS-4 data was used to create a baseline multidimensional poverty estimate in order to understand the reality on the ground prior to the full implementation of several central government programmes.
 - NFHS-4 comes before the full implementation of the (central government's) flagship housing, drinking water, sanitation, power, cooking fuel, financial inclusion, and other key measures to improve school attendance, nutrition, mother and child health, and other major endeavours.
 - However, it should be emphasised that the NFHS-5 data indicates that access to clean cooking fuel, sanitation, and electricity has improved, resulting in a reduction in impoverishment.

5.9 Finding of the Index

5.9.1 Levels of Poverty:

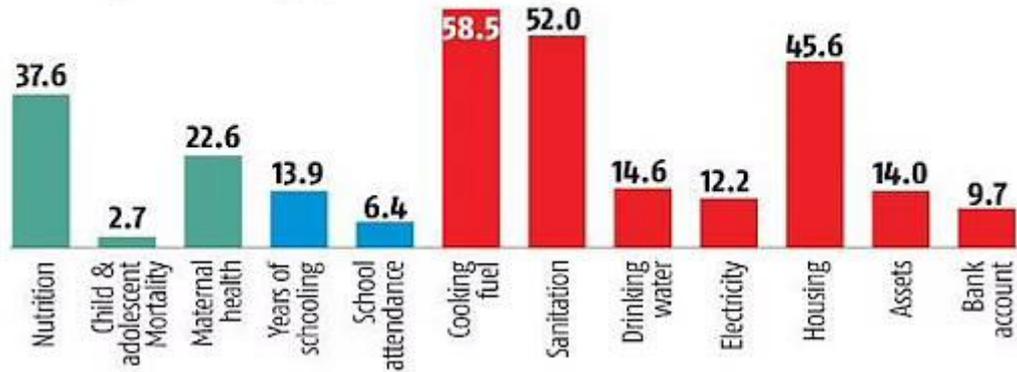
- Bihar has the biggest proportion of multidimensionally poor persons in the state, followed by Jharkhand and Uttar Pradesh.
- Kerala has the lowest population poverty rate, with Puducherry, Lakshadweep, Goa, and Sikkim following closely after.

5.9.2 People that are malnourished:

- Jharkhand, Madhya Pradesh, Uttar Pradesh, and Chhattisgarh have the largest number of malnourished people, followed by Bihar, Madhya Pradesh, Uttar Pradesh, and Chhattisgarh.

THE OTHER INDIA

Percentage of the total population that is deprived in each indicator



5.10 Significance of the Index

5.10.1 Contribution towards Instituting Public policy Tool:

The Index's creation is an important step toward establishing a public policy tool that monitors multidimensional poverty and informs evidence-based and targeted interventions, ensuring that no one is left behind.

5.10.2 Provides an Overview of Poverty:

This provides an overall picture of poverty in the country while also allowing for more detailed and in-depth analyses of areas of interest such as regions – state or districts – and specific sectors, and it supplements existing monetary poverty statistics.

5.10.3 Contribute to the achievement of the SDGs:

It contributes to measuring progress toward Sustainable Development Goal (SDG) target 1.2, which aims to reduce "at least by half the proportion of men, women, and children of all ages living in poverty in all its dimensions."

5.10 Conclusion

The Multidimensional Poverty Index aims to measure poverty in all of its dimensions, effectively supplementing existing poverty statistics based on per capita consumption expenditure. India is ranked 66th out of 109 countries in the Global MPI 2021. The government think tank Niti Aayog announced the first-ever Multi-dimensional Poverty Index (MPI) on November 20, 2021, which measures poverty at the national, state/UT, and district levels.

6. National Food Security Act

Food Security is a prime task for the Government, as it deals with Individual's Fundamental Rights. India still to a major extent possesses a rural character and agriculture is the backbone of it. **The National Food Security Act, 2013** (NFSA 2013) converts existing food security programs of the **Government of India** into legal entitlements. **The National Food Security Act** (also known as the '**Right to Food Act**') is an Indian Parliament Act that aims to provide subsidized **food grains** to roughly two-thirds of the country's 1.2 billion people. It was signed into law on September 12, 2013, with retroactive effect to July 5, 2013.

6.1 Features

- Public Distribution System (PDS) is now governed by provisions of the National Food Security Act, 2013 (NFSA)
- This act encompasses the **Midday Meal Program**, the **Integrated Child Development Services Program**, and the Public Distribution System. Furthermore, the NFSA 2013 recognizes maternity benefits.
- The Act provides coverage for **nearly 2/3rd of the country's total population**, based on Census 2011 population estimates.
- **75% of rural and 50% of urban population** is entitled to receive highly subsidized food grains under two categories i.e **Antyodaya Anna Yojana(AAY) households and Priority Households (PHH)**.
- State/UT wise coverage is determined by the erstwhile Planning Commission which is now **NITI Aayog** on the **basis of the 2011-12 Household Consumption Expenditure Survey of NSSO**. Many states use the Socio-Economic Caste Census (SECC) data for the identification of beneficiaries.
- The Act entitles **35 kg of food grains as per Antyodaya Anna Yojana Households** per month, whereas **5kg of food grains per Priority Households per person**.
- The **eldest woman** of the beneficiary household (18 years or above) is considered '**Head of Family**' for the purpose of issuing ration cards.

6.2 Provisions

- The National Food Security Act of 2013, assigns **joint responsibilities** to the federal and state governments.
- The National Food Security Act of 2013, mandates the **center with the responsibility of allocating and transporting food grains** to designated depots in the states and UTs.
- Furthermore, the center must provide central assistance to states/UTs for the distribution of food grains from authorized FCI godowns to the doorsteps of **Fair Price Shops**.
- States and union territories are responsible for identifying eligible households, issuing ration cards, distributing foodgrain entitlements through fair price shops,

licensing and monitoring Fair Price Shop (FPS) dealers, establishing an effective grievance redress mechanism, and strengthening the **Targeted Public Distribution System (TPDS)**.

- The National Food Security Act (2013) also includes provisions for Targeted Public Distribution System reforms, such as **cash transfers for food entitlement provisioning**.
- **Direct Benefit Transfer**, which began in the union territories of Chandigarh and Puducherry, involves the cash equivalent of the subsidy being transferred directly into the bank accounts of eligible households.

6.3 Objectives

- In the human life cycle approach, this Act provides for **food and nutritional security**.
- It ensures that people have access to an **adequate quantity of high-quality food at reasonable prices** so that they can live a dignified life, as well as matters related to or incidental to that.

6.4 Significance

- It is beneficial to the agricultural sector.
- It also helps the government control food prices.
- Because agriculture is a labor-intensive industry, a boost in the agricultural sector would result in more job opportunities.
- This would boost economic growth and lead to a reduction in poverty.
- Access to nutritious food would improve the public's overall health.
- Food security is also important for the nation's global security and stability.
- The right to food is not explicitly mentioned in the Indian Constitution.
- Until the NFSA, the fundamental right to life under Article 21 was interpreted to include the right to live with dignity, which could include the right to food and other basic necessities.

6.5 Impact

- The NFSA, passed in 2013, provides for the distribution of subsidized foodgrains through ration shops to up to 75% of the rural population and 50% of the urban population, which, according to Census 2011, totals 81.35 crore people.
- NFSA is **currently operational in all states and union territories**, with an intended coverage of 81.35 crore people across the country.
- **In January 2022, 25.26 LMT (Lakh Metric Tonnes) of food grains** were distributed under NFSA to nearly 79 crore beneficiaries.
- Status of NFSA as of Feb 2022:



6.6 Criticism

- The Act fundamentally talks about **hunger and its eradication** but **fails to take into account the evils of undernutrition** and removing the same.
- **Malnutrition** is a major problem faced in India which can't be solved merely through establishing a Public Distribution System. Besides ensuring the supply of food, **measures related to sanitation, health care, and water form an important aspect of the distribution.**
- Thus, the Act should strive to include both, **Right to Food as well Right to Nutrition.**
- The **benefits of Anganwadis are not yet reaching many areas**, and their coverage in many areas is poor. It is a challenge to see how the benefits of the Act would be reaped without sufficient means.
- The Act also faced opposition from the Farmer's Union, contending that the Act **would nationalize agriculture, making the Government buy, sell and hoard** the majority of agricultural production.
- Furthermore, it would **reduce farmers' bargaining power** and minimize the support extended to marginal and small farmers.
- The Act also allows private entities in the supply chain, which allows room for **profit-making and unfair trade practices.** The **leakages and corrupt practices** in the Public Distribution System and supply chain also stand as an obstacle to the efficient functioning of the Act.
- The Act states that the **right to food can't be availed during times of natural calamities** and during times of war. States which are highly prone to natural disasters would not be provided with the right to food when required the most.
- The implementation of this Act is divided into phases, which means it would take longer to achieve and desired objectives.

6.7 Amendments

- An amendment to the **Food Security (Assistance to State Government) Rules, 2015**, has been notified in order to improve transparency and reduce leakages at ration shops during the weighing of food grains for beneficiaries, as well as to encourage **ePoS linkage with electronic weighing machines**, according to an official statement.
- The amendment, notified by the Consumer Affairs, Food, and Public Distribution Ministry, aims to ensure that beneficiaries receive the correct quantity of subsidized

food grains under the National Food Security Act (NFSA), 2013, in accordance with their entitlement.

- It also **incentivizes states that have been using ePoS** effectively and encourages states to improve ePoS operational efficiency and generate savings.
- According to the amendment, states that operate their ePoS devices wisely and are able to generate savings from the **additional margin of Rs 17 per quintal** can now use the savings to purchase, operate, and maintain electronic weighing scales and integrate them with point-of-sale devices.

6.8 Conclusion

The National Food Security Act of 2013 is an important step toward addressing the country's food insecurity and hunger, but it should not be the only one. It requires restructuring and the incorporation of new changes in various areas in order to achieve its goal. The effectiveness of the Act's implementation is primarily dependent on the activities of the states, followed by the Centre to help achieve the Sustainable Development Goal of Zero Hunger by 2030.
